

Closed Caption Log, Council Meeting, 07/27/11

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Mayor Leffingwell: May I have your attention. I'm austin mayor lee leffingwell. A quorum is present, so I'll call to order this meeting of the austin city council budget work session on wednesday, july 27th, 2011. We're medina county in the boards and commissions room, austin city hall, 301 assess we could street, austin, texas. We have one item on agenda and that's a presentation of the city's proposed budget for fy 2011-2012. I want to begin by recognizing the city manager for a brief introduction.

Ott: Thank you, mayor, councilmembers, pleasure to see all of you this morning. I'm pleased to submit for your consideration the 2011-2012 proposed budget. I want to begin this morning by doing one of my favorite things, and that is acknowledging staff. And in that regard I extend my heart felt thanks to our chief financial officer, leslie broader, our budget officer, ed vanino and all of the staff in their hard work for getting us to this point in the budget development process. I also want to thank the acm's and all of the departments for their hard work. There are many people, staff, throughout the organization, that work hard and long hours behind the scenes to get us ready. And I wanted to start today by acknowledging all of them and simply saying thank you. This budget document before you today reflects the culmination of more than six months of tireless efforts on the part of staff to develop a fiscal plan that is balanced and structurally sound. Not just in terms of the next fiscal year, but continues to solidify our financial foundation for the long-term. It reflects the priorities and values of the council, the staff and the community. It maintains the highest standards of service delivery that our residents and others deserve and expect. And it values and rewards our employees for their exceptional work that they perform on behalf of all of us everyday. Throughout my experience as a city manager developing a sound fiscal plan has always been challenging simply because municipalities almost always have to contend with an inadequate revenue base in the face of ever increasing cost drivers and service demands. Of course, that challenge has been more difficult over the previous three budget cycles given what has been a pretty dreadful economic climate by all accounts. So cities all over the country have been challenged and we have been challenged as well. However, accomplishing our goals would have been even more difficult if not for the actions taken by council during the previous three budget cycles in adopting a variety of structural solutions to address the projected revenue shortfall. Some of the tough decisions that you have already made include renegotiating labor contracts, foregoing employee wage increases in fiscal year 2010, eliminating 136 vacant positions, adopting prudent increases to various city fees and even the tax rate. And scaling back or eliminating some lower priority programs such as, and most notably, the annual trail of lights festival. If not for the application of these structural budget adjustments, the 8-million-dollar gap we were challenged with this year would have been in excess of \$50 million. 8 billion budget before you today includes a proposed increase to the 5 cents. 71 cents 23 cents per \$100 of taxable value. As you know, rate increases are also needed for the city's electric and water utilities in order to maintain the financial sustainability of these enterprises. In the case of the electric utility, you also know that this is the first proposed base rate increase in over 15 years. Now, affordability is always a major concern for us and for the council; however, these increases are necessary if the city is to continue investing in the full range of core services that are important to our community. All other enterprise operations will maintain user fees at the existing 2011 levels. Now, this budget also recognizes city employees. Our employees have had to take on more and more work over the past few years in light of the elimination of, as I've mentioned, 136 positions since 2008. They have done so, by and large, without complaint. This budget includes a two percent wage adjustment for civilian

employees, which will help them cover the cost of rising health insurance premiums, eight percent, as well as other rising costs like gas prices. Given the proposed wage adjustment and the annual average increase for civilian employees since 2009 would be 1.5%. I would note during that same period that the cpi has increased by 2.3%. Health insurance by 5.4%. Also based on the approved terms of our contract with uniform personnel, police, will receive a 3% wage adjustment. Mayor and council I wanted to offer these few things as a means of providing some context of what you're going to hear in the balance of the presentation. These are -- this is the context within which we developed the budget and offer our recommendation to you today. Mayor, in closing I want to end where I started, and that is to express my gratitude to the entire workforce for their ongoing commitment and dedication to making the city of austin the most liveable and best managed city in the entire country. I truly believe that we are setting these standard across virtually every category relative to municipal service delivery. That, mayor, and with your permission, our chief financial officer and budget officer are ready to proceed with the balance of the presentation.

Mayor Leffingwell: Thank you, city manager. If I could just add my thanks also to you and to your staff for six months of hard work to get us to this position. And we have this briefing today and there's a lot more to come culminating in the final approval process in september. But I want to kind of set the stage a little bit. My understanding is this presentation by staff will take approximately 40 minutes. So I think it would work a lot better if we could let the staff go through the entire presentation and then ask our questions, unless there's something you feel needs immediate clarification. So leslie, go ahead.

I wanted to start off with this first slide about the budget process. This year we've continued our goal of the open process related to budget development that we started several years ago with the arrival of city manager ott. We really tried to improve and build upon these efforts from year to year, both in the amount and the quality of the information that we provide to council and that we provide to the public, and the timing of that information. You can see at the bottom of the slide for the viewing public this is the location on the website where you can go see all of these reports that we've listed, and the proposed budget document that we're delivering to your offices today will also be posted on that website. We've got a number of public meetings that we've had to get us to this point, and we've got many more. We'll cover the calendar at the end of the presentation. And these reports can also be accessed if you go to our homepage. Down at the bottom there's an icon, austin finance online, so there's this afternoon swlz much, much more. Before we get into the details of the general fund, I wanted to cover some of the major points about the budget. It is, as the city manager just talked about, it's structurally sound. It's balanced. We did balance it without the use of reserves to cover ongoing operations. We have made several strategic additions to our core service areas. We have proposing the addition of 49 police officers and 47 of those go in to the calculation of our two officers per 1,000 population ratio that we like to maintain. The other two are for the airport police force. We're also proposing the addition of 18 paramedics. Some of those to staff the station that will be at the mueller development and others to work primarily in the harris branch area. And then we've also provided additional funding for our animal services live outcomes plan. Now, in order to balance the budget, we had to make some departmental budget cuts. And here are just a few of the more notable reductions. We'll get into a little bit more detail related to these here in a minute. And cover some other ones with you as well. We eliminated 23 vacant positions as part of the balancing process. We are proposing a small reduction in central library hours, opening an hour later and closing an hour earlier monday through thursday. And brenda branch and her staff thought carefully about that, looked at their customer usage patterns and all of that thinking went into this recommendation. We are proposing a couple of things in the parks and recreation department that i would like to highlight here, the closure of the balcones and dick nichols pools, but those are only during the winter months. All of the pools would remain open during the summer months. And then consolidating the number of playground sites with supervised programming. Sort of as an offset to this, the parks and recreation department is proposing that four of the existing sites that would remain would become what they're calling premier sites. And they've studied that based on the demand. They would be focused in areas where there's a lot of the demand for youth services. And there would be expanded programs at those sites. As the city manager mentioned a 57 percent increase in the tax rate. Back when we came to you in april with the five-year forecast, we estimated a three-cent increase and we were able to get that down just a little bit. This is the format that we're going to follow today. We will hit

quickly on the budget for the city as a whole and then run through in some depth the general fund, the spending side as well as the revenue side. One of the things we talked to you about in april, we had a lot of preliminary information about federal and state grant reductions. We've got a lot more refined information now, and after we get through going through the general fund ed's going to cover what we know so far about the federal and state grant reductions and how we've been able to respond to those in this budget. We have one slide for our internal services funds. We can't forget them. And we'll cover the highlights of the enterprise funds. Now, we're planning to come forward in august for a lot of dep meantal presentations. The 17th will be on the general fund and the 54th will be focused on the enterprise fund. Even though you will only see a few slides related to the enterprise fund, you will see much, much more in august and be able to drill down there a little bit more. Now for the all funds. Our city-wide proposed budget -- and this is spending here on this slide. It is 2.8 billion. It's very close to the same amount that was proposed for last year. And you can see here on the pie chart that really the largest pieces of the pie in terms of basic operations are austin energy at 44% followed by the general fund at 24 percent and then you can see the water utility over there to the right at about eight percent. This chart is in the budget document that we're deliver to go your offices. If you want to look at a lot of detail related to the head count, in the city there's a chart that goes in to much more detail than we've got here. Here we've tried to just hit the changes from this year compared to last year and these personnel changes include not only new positions, but they also include transfers between departments and then any reductions in staffing that we're proposing. And again, we have eliminated several vacant positions this year and then we have eliminated a few filled positions, but those folks have been moved over into other areas within the city. So everyone is still with a job. Let me hit a few of the more significant variances that you see here. We've already talked about the general fund. We're proposing the addition of 81 new positions here. Again, 47 are new police officers. 18 Are new paramedics. We're eliminating 23 as we showed on the summary slide. And then we're transferring 18 positions in from other areas, primarily from the grant area, moving those in to general fund for general fund funding. And moving some people in from the -- some positions in from the golf fund. The grant fund you can see those are going down, positions that are funded with grants. And ed will get into that in a pretty good amount in-depth here after we complete the general fund presentation. Austin energy, they're eliminating six positions and they are transferring nine positions to the responsibility of other departments. Most notably they are transferring seven people over to the sustainability office to work under the direction of lucheathens on the climate protection program. And then the last major change here, transportation fund, an increase of 26 positions. Most of those are in the public works areas, and two of those -- 21 of those are in public works. Six of those new positions are recommended for an in-house milling crew. We would actually convert some third-party contracts for asphalt overlay to in-house, recognize some budget savings and do that work in-house. They're expecting to do about 30 lane miles with these new positions. And then nine new positions for improved right-of-way maintenance. And we'll get into that a lot more in the august work session. This is a slide that we have started showing you all over I guess probably for the last two or three budgets. The estimated monthly impact on what we call an average residential ratepayer. And it's defined by usage. It represents again an increase, an estimated increase to the monthly bill. So let me run through a few of these and then I'll turn it over to ed for some more general fund discussion. On austin energy let's talk about them first. Just a reminder, they have not raised base electric rates since 1994. They are currently undergoing a rate review and they have a goal of increasing their base rate as well as restructuring those rates sometime in the early calendar year of 2012. So this will not become effective immediately on OCTOBER THE 1st. Because their rates are primarily really ultimately driven by the cost that they have to cover, they've been scrubbing their operating and capital costs quite heavily this year to get them as low as possible. And I just want to reiterate as the city manager mentioned, these numbers are very preliminary. They are not different from the ones that we showed you at the five-year forecast back in april and I believe at austin energy's last quarterly report. So again, very preliminary. They're still working through the rate review and y'all will be hearing a lot more from austin energy over the upcoming months. The water utility, they are estimating based on the average residential user an increase of about eight dollars a month. Their average usage now is approximately 7700 gallons of water and 4700 gallons of wastewater. One of the things that we talked about at the april forecast is they are planning to introduce a new fixed water sustainability fee. And that will really accomplish two purposes. One, to fund their conservation programs, the reclaimed water services, and the wild land

management, both from an operations side and from a capital standpoint. Secondly this new fixed charge will help reduce the revenue volatility that we've seen at the water utility over the last few years. It will provide them with a more predictable revenue source and it will be independent of factors like weather conditions, such as the drought or of the economy and provide a little bit more stability to their revenue stream. Solid waste services, we'll talk a little bit more about them later in the presentation. The most commonly used trash cart by a solid waste customer is the 64-gallon cart. There is no rate increase proposed there for next year. But they are proposing some other rate adjustments that would encourage the reduction of waste and encourage more recycling. There is no rate increase proposed nor in the drainage fee in the watershed protection department. And we talked about the 5 cents proposed increase in the property tax rate. And this slight increase under three dollar increase on a monthly basis is based on a median priced home of about \$182,000. So overall at this point just an estimated monthly increase of about \$22. With that I will turn it over to ed for some more general fund information.

A lot more. Good morning, mayor, mayor pro tem, members of the council. My name is ed vanning. I'm the city's budget officer and very pleased to be with you this morning. It's a big day for us budget types. The city manager and the mayor both spent some time thanking a lot of folks in the organization and I would just really feel remiss if I also didn't extend my thanks to the literally dozens and dozens and dozens of people that touch this budget document that's before you today and that we're presenting to you today. In particular I wanted to just give a mention and acknowledgment to our graphics design staff in the corporate public information office. When I talked to them about the city's budget cut this year, I talked to them about this budget being the city of austin's budget and about it being the community's budget and as such that I wanted to cover that really reflected kind of the unique nature of the city of austin and you can see on the slide here a piece of the budget document. This is what the full cover looks like. You will have a copy of this in your office at the end of this meeting, but you can see they picked up on austin as the live music capitol they picked up on austin for the home of the mexican free tailed bats. They picked up on the conic bat bridge, congress bridge, and so I just think they hit it out of the park. I think they did a great job. I think it really reflects the weirdness of austin. So I wanted to just thank that group of people. [Laughter]

it's been about three months since we sat down with you and presented our financial forecast to you all and we present add projected gap of \$9.8 million. I wanted to kind of reset where we were three months ago and then we'll talk a little bit about how we went about closing that gap. So back in april we presented a forecast to council as we always do that was really focused on funding of our built-in cost drivers and maintaining existing staffing levels. So the forecast included funds for all positions which have previously been approved by council. And services, hours of operations that have previously been approved by council. It also included staffing increases, if there were any annexations or openings. In terms of new facilities, we'll be opening a new animal shelter, so we included the cost associated with those in the forecast. And also previously approved council policies, staffing policies, such as maintaining two officers per thousand. All those costs were included at the time of the forecast. At the time of the forecast on the revenue side, we're projecting a slight decline in property values and a three-penny increase in the tax rate. That situation has changed a little bit and we'll talk about that, but our property values are looking like they're going to come in higher than what was initially projected and the tax rate will be lower than what we're initially projecting. We're looking at a two and a half percent increase in our sales tax revenue for fiscal year 2011. That is a two and a half percent increase over where we ended fiscal year 2010. And we are projecting a continued raise in fiscal year 2012 of three percent. Our development revenues, which as you know had dropped precipitously over the last few years, had started to show improvement, leveling out. So we were projecting an increase there of two million dollars. Interest earnings on the other hand had been sliding precipitously and are continue to go slide and we had project add 600,000-dollar decline, further decline in our interest earnings. In terms of wage adjustments, we had three percent in the forecast per contracts with our sworn personnel and we also at the time were assuming a three percent wage adjustment for our civilian employees. And as you've heard, we've brought that down a little bit and proposed budget we're delivering today. All in all back in april we were projecting a budget gap based on these assumptions of \$9.8 million.

We took an approach that increased revenues and reduced expenditures to close that 8-million-dollar

gap and first of all, looking at the revenue adjustments, you can see four and a half million dollars net increase of revenue from where we were at the time of the forecast. The first line there is \$685.7 million. That's the revenue we projected back at forecast. I mentioned the property tax roll coming in higher than expected and I have some slides to talk about that. But the short story is three billion dollars of additional value, a lot of that additional value being new value related to Samsung and the growth they're experiencing and the construction of Fab 4 and all the really expensive equipment that goes into that fab. That's a big reason that taxable value is rising. And then you can see how it translates into revenue for the city 9 million of additional property tax revenue to the city. We'll talk later about proposed new fees at the Zilker Botanical Garden and some additional lease revenues that we anticipate in the Austin Rec Center to the tune of \$600,000 combined. We also had revenues that were going in the opposite direction. Our franchise fees, this is a difficult revenue to project. They bounce around a lot. We have a slide later to show the volume active volume activity in these revenues. We're recommending to lower that projection by 4 million in fiscal year 12. We talked at the time of the forecast about the potential for the state coming in and changing the allocation formula for the mixed drinks taxes. They will do that in adopting their gossip and it has an impact to the city of 4-million-dollar drop in our mixed drink revenues. And then we're seeing an even further decline in interest earnings. I think about three fiems in a row now I've come and I've said it doesn't seem like they can go much lower. Well, they continue to go lower and we have a graph to show graphically how far our real yields have fallen and how far it's affecting our interest earnings. 95 Million of revenue in the proposed bojt. Four and a half million dollars than what we were forecasting. On the expenditure side we have saved 3 million off of our expenditure projections. At the time of the forecast based upon just our basic built in cost drivers, wage increases, rising health insurance costs, we are projecting a budget of \$695.5 million. That of course was out of balance and so we needed to look at ways of reducing it. We have a number of slides to talk about with some of the departmental budget cuts are, but you will recall that we published back in May a menu of potential budget reduction options and 9 million are recommended cuts off of that menu. And later today we will be submitting to council and posting on our website an updated menu of budget reduction operations that details every option that's been incorporated into the proposed budget and every option that was not. But we're going to hit on some of the highlights of those in this presentation of the slides. We talked about reducing the wage increase from three percent to two percent. That saves \$1.1 million. We also thankfully are seeing slightly slower increases in our insurance costs than we had initially expected. Eight percent versus 10 percent. And that was really one of the things we thought about in looking at employee wage increases are those ever growing costs of insurance. And that eight percent increase for our lower paid employees who are trying to raise a family, that premium hit to them is about the same amount as a two percent wage increase. One of our thoughts as looking at a civilian wage increase was trying to make sure that employees warranty actually losing ground relative to the cost of our insurance increases and of course the cost of other goods and services. I see a reduction in accrued payroll of \$300,000. I won't spend a lot of time on that. That's a little bit of accounting speak, but it came in lower than what we thought it was going to. I talked about the increased taxable value and a lot of that being related to Samsung. What you can see, we get more revenue from Samsung, but we also have an economic incentive agreement with them, so you can see the increase that we're including to honor that economic incentive 1 million additional transfer to the economic incentive reserve fund. Our market study, phases two and three, the market study is where we want to take a look at what civilian workforces are being paid in other comparable jurisdictions. We start this had work in 2008. We made a commitment to the workforce to doing it. We completed phase 1 back in 2008 and then because of the economic difficulties we've been challenged with, phases two and three have been put on hold ever since. And so in the 2012 budget we've included \$800,000 to go ahead and complete those market studies with an employed implementation date of April first. Council is also directed staff to move forward with implementing a green energy options. And so the budget includes half a million dollars to put all city facilities on to Austin Energy's green choice program. There are costs sortied with moving into the animal care facility. Over the last three months as we're working with departments on their budget needs, one thing that was clear is that the live outcomes plan is costing us more than we initially thought, in particular the moratorium on putting animals down as long as there's empty kennel space that costs more food, cost more medical supplies. It requires more kennel attendants. In this budget we're proposing an additional \$300,000 on top of the \$700,000 we had already included at the time of the forecast. So a total of an additional million dollars in this budget for

the animal care facility. And then later august, early september of this year, we're anticipating the opening of the new station at mueller. And we've included 12 paramedics with a july first start date to staff that new station.

I wanted to spend more time talking about the menu of budget reduction options and 9 million of departmental budget cuts in order to get this budget into balance. You can see here by department the dollar amounts of cuts that were taken and what that represented as a percent of their forecasted budget. So you have to think of this in the context of the 695-million-dollar budget we were forecasting back in april that was out of balance and that required budget cuts being made. And you can kind of see the priorities that were laid out in developing this budget with larger percentage reductions coming from our community service departments and the smaller percentage reductions coming from our public safety departments. Of course, particularly in the case of the police department, these are very large budgets and so even a small percentage reduction of one percent in the police department equates to a pretty significant dollar 8 million, which is the largest dollar amount cut.

Some of the menu of budget reductions, this is certainly not every single item that we're proposing to cut, but again we'll be publishing a list of what all the cuts were later today. These are just some of the more notable items. In the library we're proposing to reduce hours of operation at our central library from 66 hours to 58 hours per week for a savings of \$102,000. That would zinc the labor hours up with what the branch libraries currently run at. There's a couple of line items that we have in this budget for materials. One is in the operating budget. You will recall last year we were able to increase the operating budget for the materials collection by 200 -- by half of a million dollars. In this budget we're proposing to bring that back down by \$243,000. But that reduction is going to be more than offset by an 800,000-dollar increase in the capital budget for materials. This is the capital expenditure that is going to be part of putting together the new book collection for the new central library. And those books will be put into circulation immediately.

For health and human services, they went through their budget, scrubbed through their budget and are proposing to reduce a wide variety of various departmental contractual and commodity accounts for a savings of \$106,000. There's also a proposal that would eliminate a certified food manager program for a savings of \$100,000. This is a program where there is now a number of other venues, including online opportunities for getting this training and completing this exam, so this is a program that the department feels can be eliminated without significant impact to those needed to get the services. And there's also a proposal to reduce the unallocated -- it's important to note the unallocated funding for the social service contracts, the budget does maintain fund fog all of our existing social service providers, but there's the 200,000-dollar amount that has not yet been allocated to any provider. That would save the city \$184,000. At the same time we're doing that, the department would create four new premier sites. Interpret mere sites would offer expanded program services, including both recreational and educational activities. They would be staffed more employees and they would also be strategically located in areas throughout the city that would best accommodate youth participation trends and community needs. We're proposing to close balcones and dick nichols pools during the winter months only. These pools began operating for winter months in 2006 in the case of balcones and in 2007 in the case of dick nichols. All other pools in the community would remain open at their current hours of operation and there was a number of proposals to actually close some neighborhood pools. None of those have been included in the budget, but we are proposing to end the winter swim hours at balcones and dick nichols for a savings of \$243,000. There would still be winter swim opportunities at barton springs, deep eddy and stacy pools. And finally, the parks department is proposing to convert the austin recreational center from a full service center to a lease rental venue. Currently the facility is frequently leased out, rented out by austin community college and this proposal would be to convert it permanently to a lease rental venue. It would have a savings and staff cost of about \$250,000 in additional lease revenues of \$100,000 they're anticipating. In the planning department, we are proposing to eliminate 10 positions for a savings of \$484,000. Six of those positions are currently vacant and the four positions that are filled, those employees are going to be placed into other functions within the department. So there would be no layoffs. And I want to stress that. There's no layoffs in any of these proposals, but there are some staff that would be affected and moved around to different like duties, different centers, different job

functions. Moving on to public safety, we have a police cadet academy that had a scheduled start date of OCTOBER 1st. At the time of the forecast that was associated with the additional officers we were adding to maintain two officers per thousand. The proposed budget includes a start date of APRIL 1st, WHICH IS A 8-Million-dollar savings for the department. I should mention that there is also a class of 40 that is projected to start this august and that class would continue on at its regular schedule. We are proposing to true up the police department's overtime budget with prior year actual expenditures for a reduction in overtime costs of one million dollars. In the last three years under our new police chief, who really isn't new anymore, but under chief acevedo, a number of new policies related to overtime have been initiated with much more strategic use of overtime. And we've seen a lot of savings there. In the last three years we've been averaging for sworn overtime expenditures of about seven and a half million dollars, even with this one-million-dollar reduction we would be receiving a budget for sworn overtime of 3 million in fiscal year '12. So still a little bit more than what they've been experiencing over the last three years with the idea of giving them some flexibility in that important budget as needs arose. And then we've had five cadet positions that were added back in 2007 -austin community college paramedic development program. These five positions have been frozen in the budget since 2008. And this budget would propose to continue freezing them for at least one more year for a savings of \$231,000. So that's kind of the relatively short story in terms of where we're at with the forecast and the actions we took to get us to a balanced budget. And that balanced budget looks like this, \$690.2 million. And a very similar pie chart to what you've been seeing over the past few years. We went back and looked at 2008, 2006, and this is pretty much how the budget has been allocated for at least five years now with about two-thirds of it going to public safety. You can see the -- how the remaining funds are allocated. One thing to consider as we shift to this slide is the forecast budget we brought forward to council in april was out of balance. It was \$695 million and it was out of balance. So we talked about some of the things that were done to get it back into balance. This slide is really talking about the budget we currently have in fiscal year 11 and how it is changing to fiscal year 2012. So the budget going from '11 to '12 is still growing. It's just not growing as much as it needed to in order to keep pace with all of our built-in cost drivers and therefore reductions were needed. So what this slide is showing you, and you can kind of contrast it to where the reductions were made, this slide is showing you where the budget increases occurred, both in terms of dollars and in terms of percents. So it should be no surprise that the largest dollar increases are in our public safety departments because they are the largest departments in the city, but it's also interesting to note that the largest percentage increases are likewise in those areas and particularly in police with the two officers per thousand and the 49 officers that are being 6% increase in that budget between '11 and '12. And then you can see on down the line where the budget increases are occurring. [One moment, please, for change in captioners]

there is three left to convert. The number of full-time e.m.s. Units has increased in the fiscal 2012 unit. Being upgraded, as I mentioned previously aa few full-time unit at the miller station until 18 paramedics being added to the e.m.s. budget. In health and human services, the budget maintains funding at fiscal 2011 levels for the local service agencies, it does reduce the unallocated funding by \$2,000. Also, we will talk more about this in a few slides. The department has been impacted by pretty significant reductions in the federal grants. We anticipate that will result in reduced hours of operations at several of the neighborhood centers.

Animal services we increased funding and included funding for the new animal services center, which is anticipated to occur in november 2011.

Moving on to the library, the levels for the branch libraries, to put the hours of operation at the same libraries, beginning to build up the book collection for the opening of the new central library, \$800,000 for the purchase of that book collection. The total amount will get to \$5 million. Parks and recreation, funding for the rec programs, krurl centers and maintenance activity it's the current levels. We are proposing to implement a new fee at the botanical gardens with a projected revenue of \$500,000. Wanted to touch a little bit on some of the capital budget highlights for the general fund departments. This is specifically focused on where it is recommended on the budget. This is not reflective of the projects that are under construction in 2012. This is focusing on where new appropriations are recommended in fiscal year 2012. And leslie will touch on some of the enterprise highlights later in the

presentation. Of course, we will have the departments come back and talk more about the capital highlights when they're presenting. In terms of the general fund, 2 million of facility improvements in the budget for parks and recreation. 3.8 For parkland acquisition. 18 Million for pools improvements and \$4 million for the theater included in 2006 bond program. The library, can you see we're really getting rolling on the central library with the 8 million appropriation in the budget. And we have included half a million dollars for library security cameras which is one of the highest priorities of the library and the library commission. We were able to find funds within the capital budget to get that completed and a \$700,000 appropriation in the planning and development review department related to the great streets program.

I wanted a closer look at the revenue. 40% Of the revenue is projected for property taxes. 22% For sales tax revenue. Roughly 18% from all other sources. The largest of which being emergency medical services, fines and fees collected by the municipal court and development revenue in the planning department. The property tax, you can see we have a first in a long time decline for the total assessed valuation of 4.8%. Fiscal year 2012 this is precertification, but very close to certification. So we think the numbers are going to be extremely close to the final numbers. 7% Increase in the tax roll is anticipated with the total assessed valuation of 6 billion of that being new valuation at 23 5 penny increase over the current tax rate. We anticipate the monthly impact to the owner back home of \$182,000 home to be's little less than \$3 per month.

On the tax roll, where the changes are occurring, you can see a tiny reduction projected in single-family residential. It is for commercial and multiunit residential and significant increases in the land and personal property areas. That personal property increase of nearly 30% is largely influenced by what is happening out at samsung and all that personal property that inventory that they're putting into that. In a really -- I think it is a testament to some of the economic incentive agreements the city has entered into and the value of those three agreements right now, i believe samsung is on the tax roll for in the neighborhood of \$3 billion, which out of an \$80 billion tax roll is significant. In terms of land, actually a good indicator. The land value is being driven by increases in new residential home inventory. Where these homes, prior to being sold and prior to being occupied are continued to be valued in the land core category. And after being sold move into the single family property value. That is the increase in value. Moving to the sales tax trend. This is a slide we like to show. We like it to have blue up arrows. Different from the previous years, where it has been mostly down red arrows. A good story and what we like to see. In terms of the six-month rolling average, monthly changes in sales tax revenue. The 25-year look at how our monthly changes in sales tax revenue have gone up and down. Clearly, this is a volatile revenue source. I think one of the things the slide really indicates is the conventional wisdom here about this last recession being deeper than previous recessions. That it was a great recession to see how deep the recession is here. And you will hear about how the recovery has been way slower than what we have seen the following previous recessions. You can also see that here in our sales tax numbers. We are still hanging on to the positive territory in terms of our six-month rolling average. But it is trending downward right now. A little more on sales tax. Fiscal year 2009. 5% decline in revenue. Fiscal year 2010 we projected a rebound of 3%. We did a little better than 5% improved. Fiscal year 2011, we projected 5% increase over where we ended fiscal year 10. I'm happy to report that year-to-date, we're at 2.7%. We're right where we thought we would be. Fiscal year 2012, we're recommending a 3% increase in our projected revenues in the proposed budget.

In terms of development revenue, I have shown you this slide before. It highlights the significant piece in this revenue source. We saw in the earlier part of this decade and how far it has fallen down, really, the story being, I think, not so much how far it has fallen but how high and unsustainable that rise was. Really, we're back to where we have been. If you look back to 1992, we have typically been in that range of 8 to \$12 million of revenue, projecting to end this year at \$9.6 million. And projecting that to remain flat in fiscal year 20.

This is the interest-earning slide, if you will excuse the pun. The bars are showing the yields. 7% yield which was health ne-2007 pip have -- healthy in 2007. I have to admit I was here in 2010 saying it couldn't go much lower. The years old are at 0.67%. In the past where I said i think tell get better in the

future. We now are saying we think it will level out in the future. We are projecting it to be flat in fiscal year '12. This is kind of the bouncing ball of franchise fees they was talking about, the difficulty we have in projecting revenues, particularly in gas and cable franchises, where we see increases of 10, 20% one year. And declines 10, 15% the next year. So in the forecast, we projected we were going to be bouncing up. We were projecting 4 million increase, i believe, and we had to scale that back because the last three months were just numbers that aren't supporting that. You can see in regards to the amount we're proposing for fiscal year '12, still projecting a slight infrom the current year, not as -- slight increase from the current year, not as much as we thought it would be. This is a much more conservative and prudent approach to take.

Terms of other revenues, fines, penalties, we need to talk about that, there has been discussion on this matter. We need to make sure that it is clear in the fiscal year '12 budget we have included \$1 million increase in parking fine revenue in the general fund with the extended hours of the downtown meter enforcement. That is in the fund. The meter fees themselves flow into the parking management fund. So a million dollars increase in this budget related to the extended downtown meter enforcement that would have to be addressed if that policy is changed. Charges for services. I talked about about the new fees we're proposing to charge for the botanical garden. That is a half million dollars increase. Last but not least, the utility transfers are proposed to remain at the standard 1% and 2% respectively, for \$103 million and 133 million for the water utility.

Just a few slides on the federal and state grant reductions. And focusing on the recurring grants that the city relies on to fund day-to-day operations. A lot of these are block-grant monies. Neighborhood housing and community development. They have been hit significantly with 16% reduction in cdbg grant. Reduction of 8.2 to 6.9. Grant cut back from 11%. 4.5 To 4 million. 8 million lower federal funds. You can see the impacts and actions we're proposing in the budget to address the areas. 11 Vacant positions that had previously been grant funded would be eliminated. Proposing to increase the transfer from our sustainability fund to neighborhood housing community development by half a million dollars. This would allow them to maintain their community service programs at existing levels. And also proposing to refund two of their section 108 loans related to the millennium use center and the arch. We are refunding that to allow the cdbg funds to go to community needs help health and human services block grant is being cut. These funds currently fund 15 staff at our neighborhood centers. The office of public health practice grant is being eliminated which is a \$200,000 reduction. Those grant funds help fund public outreach, communication, education on chronic health issues. Our public health emergency preparedness grant is being cut to \$700,000. Those fund risk assessment of environmental hazards, disease surveillance, operating response, things of that nature. Here is what we're doing in regards to trying to respond to those challenges, we've been able to increase the transfer from sustainability fund by \$600,000 to the health department, which will allow them to fund 10 of the 15 positions. It is important to note this is a one-time funding source. The sustainability fund did have an adequate ending balance to do that transfer this year. Certainly the revenues flowing into the sustainability fund are not sufficient to continue this level of outflow into the future. As we move ahead we will find alternative funding sources or make program reductions in these areas. That would allow them to keep 10 of the 15 grant funded positions, the and-one position would be eliminated. The impact to staff are being -- impacted staff are being placed in other vacant positions throughout the city. There will be reduced hours of operation at our neighborhood centers and the department will be talking more about that when they make their presentation to you on august 17th.

The library saw reductions in state grants, \$400,000 grant from the lone star libraries being eliminated. Half-million dollars interlibrary grant being eliminated. Those funded 10 positions. Those positions are being eliminated. Again, the department has been able to identify other positions within the department to place those staff. It's going to have an impact on services. We'll have reduced virtual library services, which is our interactive youth web page. Interlibrary loan program, which affect a 30-county region will be scaled back to a books-only program. The last one, back to federal grants, homeland security emergency management department is impacted by the elimination of the uosi grant, which they received \$30 million in the previous year. That is being cut from two million to a million, which will significantly reduce the amount of funding to fund homeland security, related initiatives and the fusion

center. It is very difficult year in terms of our grant funding. And an unusual year, particularly in terms of the recurring grants that in some cases we have been getting for more than 30 years now. With that, I'm going to stop talking and turn it back over to Leslie to give you a high-level review of the enterprise operations.

Before we do that, take a little bit of time on the internal service department. We have all of them listed here. You're all aware, these are the departments that basically provide the services to the other departments that actually deliver the frontline services to the residents and citizens. We get the payroll process. [Chuckling] One of the highlights in the internal services fund for this year, this is something we started last year and we're continuing this year. It is really revamping and making some investments that are critical technology across the city. This number may seem large. It includes operating costs and capital costs. The way we budget per i.t. Equipment and software is our central communications and technology management department actually handles that for the entire general funds well as the support services department. So this does include, for example, public safety technology. So it's got a number of investments, servers, data storage equipment, network switches, all the things that sometimes I barely know what they are, software upgrades to windows 7. The new version of Microsoft Office. Starting to regularly replace OUR P.C.s, LAPTOPS, MONITORS. They get to be aged, rather than our previous policy was waiting until they simply failed, which includes a lot of work. So that is significant and much-needed investment that we're making this year. On to the savings side. On really across the support services departments, we eliminated 13 vacant positions in 2012. We had previously really been looking through our vacancies in these areas over the last couple of years. We eliminated almost nine positions in 2011, and we really did a lot of cutting back in 2010. That was mainly in the i.t. Area. I think we were able to -- we had a lot of vacant positions. We were able to consolidate functions and still meet our service needs. We maybe have seen a little bit of a slower turn-around time. We're probably all stretched thin in the internal service group, but I think we are meeting basic needs and moving forward. Total savings that were implemented this year for 2012 were related to vacant positions, there were a number of savings across departments in various areas, materials, supplies outside contracts. That sort of thing. Just as a reminder, all of our costs are allocated out to the general fund and the enterprise fund, based on the cost allocation plan, so the savings are passed on to them as well. Now we're moving into the homestretch. This is the enterprise fund section. You will be hearing a lot more from the enterprise departments themselves, at least the major departments on August 24th. First of all, the convention center, this is a bright spot. Austin does continue to be a strong meeting destination. And really for the last couple of years, we reported to you that they averaged close to 280 events per year, again, over the past couple of years. We are seeing increased revenue collections. Right now, in 2011, those are projected to continue into 2012, both in the hotel occupancy tax and the vehicle rental tax. Now, on the vehicle rental tax, we're actually projecting an increase of 3% next year. And the convention center is setting aside \$5 million for Butler Park improvements. On the budget savings side, they have really initiated just a number of cost-containment strategies across the organization over the last few years, and their bottom line has improved. In 2011, they were projecting dipping into the ending-fund balance. I think that projection has changed to be a surplus. They're also projecting to exceed that the revenues will exceed their expenditures in 2012 as well. They're working on a partnership with the Austin Independent School District to provide kind of an exchange of allowing AISD to hold the events they hold at the convention center free of charge. And in return, they're getting free storage space from AISD. It will be offsite but will allow them to do bulk purchases and hopefully achieve some savings.

Austin Energy, both the city manager and I talked about Austin Energy at the beginning of the presentation. And just kind of wanted to reiterate here that their customers have benefitted for more than 15 years with stable electric rates. No base electric rate increase since 1994. They have -- since 1994. They have really been focusing on cutting their costs -- costs over the past couple of years, in particular 2012 as well. When that didn't close the gap between revenue and spending, they dipped into the accumulated fund balances that they maintained without tapping into their strategic reserve fund, which is similar to our general fund reserve funds, which we try to avoid using for operations. As I mentioned, their rate review is underway. A rate increase will be needed to eliminate the continued budget shortfalls or dipping into that to accumulate its fund balance. That increase is intended to be

brought forward to council for consideration prior to the desired implementation date, which would be sometime in early calendar 2012. When you actually look at austin energy's budget that you will see when you start to work your way through those thick documents, you will actually see that they have not included a definitive rate amount in those documents, just because they haven't really yet reached the final analysis point, and actual rate design and really the refined revenue estimates that still need to be developed. But you will be hearing from them a lot more over the next several months related that. On the budget savings side, i mention that they were really scrutinizing their budget this year. They are not proposing any new positions in 2012. They're cutting six vacant positions and transferring nine positions to other departments. In terms of their operating budget, they have identified about \$12 million in budget reductions. They really have just been combing through their budget, leaving no stone unturned, so to speak, and cutting back where they can. And we just listed some of the larger reductions here. And again, they'll be sharing more information with you in august. They did, as well, go in and scrub their capital improvement spending that they were planning back at the april forecast date. And they have gotten that down by about \$15 million. They're planning about \$220 million in capital improvements in 2012. Most of that is related electric service delivery projects. And there is also included funding for a new system control center. The water utility, we touched on that at the beginning of the presentation as well. And really had a lot of in-depth discussion in april. The \$8 approximate increase i mentioned earlier includes again the new fixed water sustainability fee. The most common meter size for residents is the 5/8 of an inch meter equivalent. That fixed price will be \$6. It is basically a scale that varies depending on the meter size. I wanted to point out, i missed this earlier. There will be an exemption for qualified low-income customers. We're trying to be mindful there. And in terms of just a basic rate increase, exclusive of the water sustainability fee. The systemwide increase, that would apply to volumetric rates, about 3.5%. Lastly, they're continuing to gradual transition that they have been doing over the last several years to more accurately reflect cost of service for their commercial and large volume customers. The water utility, much like austin energy, has really been combing through their budget as well. You can see they are holding their head count flat for 2010. They have gone through and looked at really every line item in their budget. I kind of eliminated and reduced some of their operating contingencies that they have not used in the past. They have achieved some, i believe greg mazeras has talked about this before, savings in electrical and chemical costs, that related from conservation efforts and reduced water. They have taken a real close look at their vacant positions. They want to hold those in reserve for hiring at a future point when they're able to do that. But they have increased the vacancy savings and also looked at a 10% reduction in their capital spending, kind of scrubbed that. And they are slated to come back to you on august 24th to give you a little bit more information there. Aviation, they are experiencing a real growth in their passenger traffic this year. I believe the website has got through april posted, and it is up to 7% on the calendar year basis from january to april. So that is very good news. They typically project about a 3% increase in their budget from year-to-year. This is consistent with the -- kind of the airline traffic projections on a nationwide basis. And they use those as a general guide. They're planning to add two new positions income -- next year, primarily to provide weekend and evening shift positions in the evening and field and estimating about a \$9 million surplus that will go into the capital fund. That can be used to fund future improvements at the airport. They, like the convention center, a service industry, have been just really looking at many, many different cost-containment strategies during the economic downturn that we have seen here. They also, at the airport, have a goal of trying to keep the airline rates and charges manageable since those industries typically experience the brunt of the economy as well. And for next year, they have done a number of things. I don't think there is a single significant thing here that we can add up. They add up in total, almost a million dollars in reductions and kind of cost scrubbing they have done. Drainage, victoria lee came before you in april, i believe and indicated she would not propose a drainage fee increase for 2012. She's been able to maintain her 30-day reserve requirement. When you take a look at the fund summary for the drainage utility in the budget this year. They are continuing in a watershed protection to plug away at the master plan. They're proposing a \$19 million cash increase -- or cash contribution increase to the c.i.p. next year. She also spent time in april talking about the positions she would be proposing this year. Six positions. They're really just designed or aimed at keeping pace with the growing drainage system maintenance, water quality and dam safety needs across the city. One of the things she mentioned i would like to highlight here, that her staff actually gets kudos from my staff about their c.i.p. Management is the value-engineering they have 5 years. They estimate they have been able

to save 6 to \$8 million with getting them to do that with the waller creek project. [Chuckling] housing, ed just mentioned quite a bit about housing. We really provided significant elements about our housing unit here. I know they spent a lot of time in june talking about their proposed action plan for the upcoming year. A decrease in federal grant awards. We have been able to work with them to help them cover in a number of areas. That has basically resulted in an increase in local spending. That has primarily come from the sustainability fund. You can see about \$9 million of their budget has been allocated to affordable housing and related services. Close to five million in support of small business, commercial revitalization, debt service that they incur and social service programs. We are -- they will be actually operating the new african-american cultural and heritage center when that opens next year. And they're working toward their bond program, with the appropriation that takes place in 2010, we will have the \$55 million fully appropriated.

Solid waste. We're close to the end here. They are not proposing an increase in the antilitter fee. In the base rate for the garbage carts, or in the carts that hold 32 or 64 gallons of trash. They are proposing a rate increase for the largest residential cart. That actually holds 96 gallons of trash and proposing a \$3 increase there. And they're proposing the introduction of a small cart that will hold 21 gallon and cost \$4. I forget what it will be. Their budget does include funding for the zero-waste initiative. Y'all will actually be hearing from them, probably in the august or september time frame on the master plan. The zero-waste initiative and the zero-waste strategic plan really provides the guiding principle and the master plan will provide the implementation strategies. You will hear from them very soon in the near future. They're proposing funding for six new positions, two positions would cover extended hours at the hazardous waste facility and four positions would help them implement the universal recycling ordinance. I also forgot to mention that with these rate changes that they're proposing, they're basically considered to be revenue neutral as a whole. In other words, the overall revenue would not change. It would just simply adjust. Last but not least, the transportation fund. Likewise, there is no increase proposed in the transportation user fee for next year. They are planning to do some new things that I think are good news here. They're projecting about 9 million in savings in street repaving cost. This is that new in-house street milling crew that we talked about earlier. They're anticipating replacing about 30 lane miles of work that is currently done by contract. The budget also includes additional funding for right-of-way maintenance, i think pard has previously handled this on a smaller scale, working through austin energy and howard and his group is going to take this on and try to improve the maintenance of our city's right-of-ways. So of that 26 new positions for public works and transportation, six people will be working on the milling crew and nine people related right-of-way maintenance. Three for traffic signals in the transportation department and then six support positions at various areas. They've also included \$4 million in investment. This is mainly for new equipment replacement equipment and facilities. And they actually, I think, have several planned facility improvements designed as well. And then on to next steps, and we'll wrap up. And listen to discussion and take questions. Here we are today, july 27th, delivering the proposed budget to you. For your future consideration. Then on august 17th and 24, we have some budget work sessions scheduled and planned. 17th would focus primarily on the general fund department, with the 24th devoted entirely to the major enterprise funds. Then on august 25th, at the regular council meeting, there is a number of public hearings scheduled. One on the budget. One on the utility rate changes, and then one on the tax rate. You will recall that we do two, required by law, on the tax rate. On september 1st, we'll follow with a second budget public hearing. A second tax rate public hearing, and then all of that will culminate on september 12th-14 in your final consideration of the proposed budget and the budget approval readings and the adoption of the tax rates. So with that, I want to -- we have been thanking everybody. I want to personally thank ed. He's made my life a lot easier over the year. He does have great job and all of the staff in the budget office. The city manager talks about best-managed efforts. I think we have one of the best-managed budget offices around. Anyway, we we're here for questions at this point.

You thank ed, ed thanks you, I thank all of you. Great job.

We will go home and take a. That. go idea. You mentioned the future budget meeting in august. We will have plenty of opportunity, all of us, go home and absorb this and hopefully the big buck too, come back, gear it up for a thorough discussion. I want to ask a couple of real brief questions and then i will let

somebody else. The first is more kind of a statement on austin energy. It is kind of an attention-getting rate increase proposed of 12%. But you mentioned and I want to emphasize again this is because we haven't had a rate increase since 1994. This is basically catchup. We're learning a lesson. If you fail to keep up on an annual basis with the rate increases that are needed to sustain your enterprise operations it will catch up with you sooner or later. As a result of our discussions, we have pledged after this april 12th% catchup increase this year, we would hold the rate increases to 2% annually thereafter. So we're kind of locked into that, in my opinion. Not only are we pledged to do that, but also pledged to stay in the bottom 50% of rate structures of all the utilities in the state. Public and private included. Right now, we're in the lower 40%. To stay on the safe side, it is the lower half. The other thing that raises questions in the general fund budget is the percent devoted to public safety. You mentioned the percentage is consistent. I wanted to point out the approximately less than 2/3 percentage of public safety budget is due to the fact that that really reflects a ratio of employees, the more employees in public safety, that is where most of the costs are driven. I have seen the numbers before, but if you don't have them at your fingertips, you can come back and tell us, in the general fund, funded employees, how many of those are public safety employees and how many are all others? I think it is going to reflect the same 65% ratio that we're looking at. So I'm going to give others a chance. Councilman martinez. I will ask several online. Through the normal process. I want to ask a couple online, that were presented specifically because I'm getting e-mails already with questions. I know they're watching. On the two full slated for winter months, what do we define as winter months? Is it -- I mean, I think -- you know, in austin, texas, what the heck is winter? It is 97 degrees in january. [Laughter] so I'm trying -- I think, you know, the real question is, folks are wanting to think about and an participate how many months, is it going to be from september to march? Hi, sara.

Hi. what are we anticipating for winter months for big nichols and balcones?

September through march when the pools are left open. There is water in the pool. The water temperature is cold. There is heating cost for heating the pool. We would close during those times and not heat the pools. That is a significant cost. september to march is half a year. that is consistent with the other pools?

Yes, all the pools, we have an consistent schedule for how we open and close them. We have two pools we are able to keep open for winter months for swimming and for residents to use. And it is because we heat those pools. And so the reason we're recommending not having those open during those months is because the cost of heating them is pretty exorbitant. Not like we are shutting it down differently, it is that we will not heat those pools. how did we pick those pools.

Because they have the highest cost. One pool alone is over \$60,000 for that one pool. what is the comparison of usage as to those we're keeping open? Did we keep that in mind.

We took into account numbers and strategic locations. What I will do is put together a brief paragraph that shows you how we determined those two pools, it to everybody.

Martinez: ok. Staying on the pool topic, i saw in the proposed budget, there was significant, 2 million for facility improvements and renovation. Is bartholomew pool included?

We' doing that now. We're doing a complete renovation to bartholomew pool. I'll send a rendering. It is beautiful.

Martinez: great. Leslie, when we adopt -- what day would we adopt the fee schedules for all of the fees that we charge through the city of austin?

Same day as adoption of the budget. It is all one. one of the things, city manager, that has been brought to meeshgs that I certainly would like to consider is specific to the mac actually, I don't know if it happens in other facilities. What the mac advisory board has shown me is that the mac is leased out

200-plus times a year for nonmission-related events. Meaning people have weddings, parties, organizations having fund-raisers. All good stuff. Severely limits dealing with asking for a fee schedule that is revenue neutral that is reducing mission-related event fees so create a better balance of holding cultural events. We bring the fee schedule. I think it merits consideration. I want to put it on the meeting with mac advisory board chairman. Those are things that are concerning to them as far as mace those things. I will save the rest of my questions and do it through the online mayor? A quick answer to the question. 200, Personnel. 56%.

Mayor leffingwell: 56? That is personnel, but not thenvolved in public safety?

That is just sworn. if we add in the will get there. Anyone else? Councilmember I will thank the staff for their work on this. I will save most of my questions for the together again in august. I want to ask you about sales tax. On slides 28 and noted that just lately on slide 28 we're seeing a downward trend in the six month average in the sales tax. And on slide 29, we noted that for year-to-date in f.y. 7% increase in sales tax. We're projecting a 3% increase for f.y. 2012. I want to ask you to clarify basis for that. If we're seeing a downward trend in monthly sales tax 7, how can we be confident to see% increase in 2012?

I can't say we can be 100% confident, 3% is based upon the work and analysis. The employment trends and employment growth for the city next year. There is a strong correlation between, you know, the employment jobs numbers and sales tax numbers. So that is what we I can say that six-month rolling average is not only affected by the current months but affected by the months that are dropping off on the rolling average. If you go back and look at the six months, we had a 12% increase one month that has dropped off, which is part of why that is trending down. It is true that that s trending down. If you look at the last two 5% and growth. Three of the last five months, we have been ahead above 3%. While there is no guarantee that the 3% would come in, i personally still feel comfortable with the numbers being reasonably conservative estimate of what we will realize.

Riley: ok, great. Thanks.

Mayor leffingwell: ok. Thank you. I want to add my thanks to everyone. The outreach through the boards and commissions because I find that illuminating to see the recommendations that come back and gives a way to focus on the different areas. I have had a chance to talk they appreciate being able to work with staff and work through almost to a complete consensus conclusion. I know that there is a couple of pending items. I see anthony there smiling. I think it might make sense to see if we can't look at how we can incorporate those two. I want to ask a couple of questions. I'll try and keep them big-picture questions and save the departmental ones later when we look at those. In terms of thee that is proposed here, it is the 5 cents that is an 8% increase in the operations and maintenance part. If I remember correctly, when you were giving us a u actually provided information that said, um, if we do the rollback, which would be the most, t had to 8 million, which is what we have here. If we wanted to try to keep our rate flat, we have to find a whole lot more in the way of cuts. the way of cuts if we want to keep our tax rate flat?

The current tax rate is 71, keeping it at that rate, each penny reduction equates to 7.8, 7.9 million. Keeping it flat would be 2 million of less the additional cuts to make.

That puts things -- ther will always be an interest in ere out there looking for a way to do that or at least to movoward that, we're going to have to find some substantial savings. I know we will be looking for -- there are a lot of things that aren't in here adding. I think that puts the challenge in the beginning in your introduction you gave interesting comments about pay increases for our employees, for civilian employees. I think I might have missed the last point you said, you said something to the effect includes a 2% pay increase. adjustment. Yes, right. Is the funding for the market to not only dot market study as well as the expected do the study and later on we have to find the funds for the salary adjustment.

It is both.

That is good news. So through this, some of our employees will have a 2% increase under your proposal and others would then get a market adjustment of some on top of that.

I think that market study staff-conducted. The human resources department works on that.

That is important.

So we are not spending \$800,000 to figure out how to do that?

Right.

That is good news.

Let's see. You also were commenting that we really haven't had a lot in the way of pay increases for employees in the recent past. Especially when you do a comparison to the cost increases for health insurance and other things. And at the very end, you said, so overall it has been 5% increase effective -- can you repeat what you said?

[Inaudible] 5% zero in 2010, and 2% now.

So it averages out over those years?

Exactly. and increases in health insurance during that same period of was --

greater.

Which was 2.3% increase?

Yeah. I think the other was 5.4%.

Ok. Good. One other question you might be able to answer for us. That 2% increase for civilian employees, what is the dollar amount associated with that? 2 million for the general fund. We have to get back to you on general fund. Is significantly citywide.

I would like -- generally the general fund piece runs about a quarter of it.

One other thing I wanted to try to understand, as you mentioned, the volatility of the franchise revenue. That is mainly the funding that we get from Texas gas and cable services. User fees that they charge that come to us. I guess I really don't understand why that is so volatile since I mean, people get cable and cut cable. We use a certain amount of gas to use our houses. I can see how it would go up and down a little bit with the recession. Do you have insights on that?

Maybe more on the gas side. It is largely driven by the price of gas. The same way Austin Energy so goes our gas franchise fees. We worked with the market trying to predict where the gas price futures are going to go, probably do really well if we were good at that. In terms cable franchise there has been changes with people coming in and changes in the a good answer for how those changes in the revenues, but they clearly are something we are working with the folks at the cable agencies and working with our folks in that. We're still looking into it. We don't have a real good answer for you right now.

One of the things on the cable side that occurred is the office of the city auditor actually did some audits related to the I suspect when you saw -- it was a year or so ago, I suspect when you see that and maybe the relative downs, it was the one-time recovery. But we'll go back and look.

That makes sense.

And then another question that the back of my mind for the recent past is, as you and we -- that is quite an extensive effort. It is a whole public outreach plan. Carefully balancing the cost of service, looking at cost of service and who provides what revenue. What classes. It is my understanding we go through that. We have a rate case. You know, we're under the has some visibility over that. But it is not the same process with the water utility. And I wonder if someone could -- I know there was a cost of service, but it wasn't nearly -- I think we million dollars to help us do the electric rate case. I might be wrong about that. The bottle that was used. We had an extensive process, a stakeholder boerne, did an exhaustive and comprehensive rate analysis. So we are then I believe, mentioned in one of the slides, part of the rate impact that you are seeing in comprehensive rate analysis, which is where, for many years, the commercial customers have been subsidizing residential rates and part of the outcome of that result that we needed to eliminate that subsidy. We have been doing that over the last few years.

And then the sustainability fee, is that also something that came out of that? Is that something new?

Actually, that is in response to a lot of feedback received from council and stakeholders. And I believe Austin Energy is also considering it. And that is again, to give us that revenue flow that is more consistent and is targeted towards our sustainability-type programs. But that did not go through that process. It was more of a response to council's feedback and thanks. That helps me understand it. Is there -- are there any different regulatory state-level things that demand one kind of approach to rate setting for Austin Energy versus Austin Water? Customers, can appeal our rates to commissions. In the 1990s, THE UTILITY DID NOT practice cost of service rate setting and several wholesale customers appealed to the state and ultimately caused the shift to cost of service rate setting. We have just a word on the sustainability piece. We haven't worked through that matter in the sustainability does comport with cost of rate setting. We will coordinate that also.

We will look into that more. And then just one other thing, councilmember Martinez, I want to thank you for bringing up the issues of the pools. Good, she doesn't have to come running in. I ask one other question. It is helpful to understand that it is really about the cost of heating the pools. I wonder, is there any way that we could look at trying to scale back those shutdown months and go ahead and not heat the pools in September or maybe even October. Because, you know, no one heats Barton Springs and people swim there and the average temperature in September and probably even into October is going to be plenty warm just potentially still make it very swimmable. Have you all had an opportunity to think about that.

First off, I didn't introduce myself. Sara Hensley, Parks and Recreation.

That is who you are?

Yeah. We can look at that. The other factor, too, it is expensive to heat a pool. Keeping it balanced and addition of lifeguards. We have to have lifeguards there. What we will do, where does it kick in to be the most expensive period of time. We have the numbers based on the utility cost. We will look at the cost of the guarding and how that is. As councilmember Martinez mentioned, the members and the months associated with those numbers to see if any of that shows any kind of way to squeeze that in. There is going to be an impact financially from because it is an anticipated reduction.

I think if that might lead us to a way to that a little bit. Same subject. I want to point out that both those pools are spring-fed pools. Their water temperature is constant year round. That is why they don't require heating or chemicals. Neither one of those has chemical treatment or heating. The temperature

of the water at each one of those is the same in january as it is in july.

Oh. you have too, a couple of times. Councilmember spelman. I hope you get a long weekend out of this. I think it is very cool. [Laughter] I have a couple of questions on revenues, big question on costs. As you know, you will be hearing from my staff and me over the next few weeks over e-mail.

Yeah. [Laughter] my apologies in advance. So don't take too long a weekend. You will have me in your e-mail when you get back. With regard to -- we had a conversation in april when we had first go around of this. Talking about the potential effects in the reduction in force in texas state government. We have more information now than we did as to how many positions are going to be lost in texas state government, how many people will lose their jobs and have to find something else to do. I wonder if that is take into account in the sales projections and other revenue practicals based on employment information.

Not beyond what john hock had assumed. We need to see if the numbers he had at the state are gelled enough for him to refuse the numbers he gave to us earlier. I don't remember the numbers off the cuff. I do remember he was projecting in his analysis significant loss of jobs at the state and local level. the other shoe has dropped, we can put a dollar sign on that now. And that speaks to councilmember riley's belief that 3% increase in sales tax revenues in the face of that kind of job loss in state government seems like it into account private sector increases as well. But it bears looking at. With respect to the sustainability fee, I want to make sure I understand with the austin water facility, that same fee in april was 440, was it not?

I believe it was 445.

Yes, councilmember, the change was in fact during the discussions of -- someone on council suggested we consider the reclaimed water expenses. We added that and increased the fee up\$6. 450 Was the number.

Which reclaimed water expenses aren't the fee?

The reclaimed water expenses that are the subsidized expenses of the reclaimed water utility, you know, we get revenues, so the extra dollars that our other utility water utility puts into subsidizing water, that is not the cost of service, that is the amount we put in the sustainability. let me be sure i understand that. We have the cost of reclaimed water, we put the system in, we have to pump it -- do you pump it or lift it?

It is pumped out. We have the capital cost for the pipe systems, the pumps, the tank that we built. We have engineering, we have operational costs. Either some chemicals that you add, monitoring, so, we started to create a whole separate fund for reclaim. So we net out the revenues we get for reclaimed water and the additional costs that are left is what is the subsidized cost for reclaimed and that is what we put into the sustainability fee.

. 60, 65 per customer for service area?

I have that exact number.

What is the question? I'm sorry. what was the sustainability fee as of april? It is \$6 now, right? included \$4.40. At that time, it did not include the reclaimed system cost. And subsequent to the discussion on council, we did come back in and look at that in our proposed budget, we 4 million of reclaimed cost in addition to what we had in the forecast. And that is the current \$6 for a five-inch meter.

Got ya'. how much money are we recovering out of reclaimed water? What are we selling it for.

The rates are just over a dollar per thousand gallons. Some other customers have contract rates that are lower than that at this time. But the revenue for reclaimed water is about a million dollars projected for 2012. taking in a million dollars. 4 in uncovered costs associated with it. 4 million is being rolled over into sustainability fees in \$6 per customer, not \$4.40.

Exactly. is that for all customers or only existing customers.

All customers, and it is based on the size of the meter. We compute a meter equivalency. The most meters are 5 that is an equivalent meter. If you have a 10-inch meter, you might be equal to 300 ge you on that equivalency. are we applying that to industrial customers with contract rates or only commercial customers?

We don't have any industrial customers with contract rates. So it applies across the board. samsung is paying that too?

Samsung is paying that, too.

Spelman: all right. Thanks. I appreciate your help. You will be hearing from me later.

Think fondly of you. as far as the general fund, you had this lovey graph on page -- lovely graph on page 18 where you could tell what was going on with the general fund. I did a quick adding up of the bars on page 18. This is the one where you have the general fund increase and decreases by 5 million and \$9 million increase for everything else on this graph. That means 65% of the increase in general fund , does that sound about accurate. Or am I lea parts?

The only part you're leaving out is showing the changes in departmental bu transfers and other requirements, 14%, included in the calculation you just I will include that in the calculation. My guess is the biggest chunk if not the biggest majority is austin police department. Do you think that will be accurate?

That is accurate, yes. you said earlier in the presentation, I think it is on page 10, the way I'm keeping notes is on pages, that funding from general fund is based on built-in cost drivers and maintaining sy. The cost drivers you mentioned are the facilities we schedule to open, working on them, they're ready to go for annexations. We have got requirements of state law that have to meet certainly service requirements, annexations and previously approved council policies. The previously approved council policy that i remember that we all talk about is the policy to maintain police sworn 0 per thousand population. What other previously-approved council po drivers here?

The that case would be the four-person staffing that we are continuing to transition to. We did two companies last year. We will do another one next year I think sometime last year council approved a no-kill live outcomes plant. That previously approved that is how we will run the animal is costs associated with it. Two other examples. any other important ones or are those the three mostly?

Those are really the three. we have got currently four units in the fire department that do not have four-person staffing is that accurate?

Just three. we will get that three down to two in this budget?

No, there is not a conversion in this budget. The plan was to do them in the odd years. Fiscal year '11 instead of doing one, we did two. We accelerated it last year. Per the resolution we would do another one in '13, '15 and '17. you said this year, and I was thinking about the budget in front of us. You were

talking about fiscal year '11.

The time requirement.

It was 2019, but we did accelerate it last year. It would be 2017 now.

Spelman: ok. So we have got a general goal of no-kill for pets, which we never quite meet. We're not sure how close to meeting we can reasonably get. But we're trying to get closer every year. We have four-person staffing, which although mandated several years ago, we a deadline only of 2019 to meet. We have a fair amount ofly way as to when we have -- of leeway to meet that. And we have a third policy that mandates the police department per thousand population, which we have to meet this year, next year, year after that, every single year, that is how the policy is written. We do not have in this entire general fund budget -- correct me if I get this wrong -- is there any other place in this budget where we have mandated a level of service staffing that has to be dead on it?

I can't think of any, no, sir. when did we 0 per thousand policy?

Morning council, michael McDONALD WITH THE PUBLIC Safety department. THAT WAS LATE '90s. '97, '98. Quite a bit of discussion with council and the community, that is when the goal was set over a three-year period. We finally actually reached 2000, 2001.

Spelman: ok.

So we were significantly -- we were 0 per t LATE 1990s. Past the policy ramp-up to that in 2001 or so and we actually got there at 2001?

That is correct. Really, it wasn't significantly. 7, 1.8 around that time.

Spelman: ok. That is a fairly substantial increase in police sworn staff. Have we failed to meet this policy in any year since 2001? [One moment please for change in captioners] work out in the field, crime scene techs where you can free up officer time which is equivalent to adding officers so there have been years like that.

You are answering a burglarry call who is going to be fingerprints and that person had a lot cheaper and has more flexibility in time.

That's correct but we don't have the flexibility to do policy.

Well, again, in terms of your question with regard to adding the positions, you know, certainly that's the way that works in terms of adding officers. There have been years when 0 officers we have gone able to get additional help.

Spelman: I understand that. In this particular budget, do we have an increase in civilian staff in austin p.d. Slated or is there no change in staff?

No change in civilians.

Spelman: Okay, so we're adding 47 officers generally but we're not adding civilian staff.

That's correct.

Spelman: Gotcha. I think I know the answer to the question, but I have to ask it anyway. In some fields

it's pretty clear what the relationship is between [inaudible] and the quality of the service as is felt by the customer. In this case crime rates, traffic regulations, events handled, things like that. Do we have backup information which shows the linkage between sworn police example, crime rates or traffic safety or other outcomes associated with the police department?

There's no absolute model nationwide. It just depends on the community. You know, you have our community and communities like San Diego, for example, that are relatively safe communities and have very low officer per thousand. You know, somewhere between, 0 officer per thousand. Whereas you would have a city like, Washington, D.C. Crime rate and has a very high officer per thousand, close to five per thousand. So even when we went through this discussion many years ago about is there an absolute, you really don't land on that. Safety in a community is a combination of things. It has to do with community tolerance, so it's not just the police efforts, it's the efforts among the citizens here as well that impact how this community is.

Spelman: Absolutely. And again, as you were suggesting, it's not the number of police officers you've got, it's what they do and how they interact with the citizens who are the primary producers of public safety.

That's correct.

Spelman: Given that we don't have a lot of flexibility, you've only got a fixed pie and we have a mandate to get to 2,000 come hell or high water in the police department and in this case that is the vast majority of cost drivers in the general fund, at least as far as -- the mass majority of the drivers in the general fund is, seems we might wish to revisit that policy to reallocate some of that general fund, for example, from sworn officers to civilians, given the widespread understanding that we're having trouble answering all our 911 calls [inaudible] we might have an opportunity for increasing the number of crime scene technicians to free up effectively a lot more officers than we're able to free up. Seems to me this might be a good time for us to consider -- revisit that policy and come up with a new one which provides a little additional flexibility. Thanks, Michael, appreciate it.

Mayor Leffingwell: More questions? Councilmember Riley.

Riley: Just one thing I neglected to ask. How did we wind up with \$200,000 in unallocated funding for social services?

I know we have staff from health who are on their way here -- they are here. I'm going to let them answer that.

I can go ahead and give you a response and let staff -- Bert Lombraro. If you recall last year we allocated an additional 380,000 of funds towards social services and the 200 actually comes from that amount. Part of that is the fact that, you know, we went through the social services contracting process and a big reason we didn't will will will will will allocate it, of course, is it culminated with the final recommendation of city council in terms of looking at awarding. So that money because of the challenge that the department as they could try to make their goal, that amount came up as a consideration. But to answer question, the 200 came out of the 380 additional funding that the city council allocated in this budget.

Riley: And then we're working on directing some portion of that to youth services; is that right?

Well, we had several issues. We had youth services, and if you recall with the action in terms of looking at starting the contracts next April, there was a couple of areas that were area, atcic, Austin-Travis County Integral Care, and then also the issue with the center for child protective services. So that's not -- or child protective center. So that is some other funding sources that we would have to identify. But the 200

came out of that 380.

Riley: Okay. And that was just a one-time occurrence. Do you expect any similar unallocated balances to be available next year?

Shannon Jones, acting director of health hematoma. No, we don't anticipate any. Those were in the process of negotiating contracts and certainly we don't anticipate that occurring.

Riley: Okay. Thanks. ell: Councilmember Martinez.

Martinez: You are thank you, mayor. On the center for child services, they are statutorily required and we're required to use an agency that's not affiliated with a.p.d. And so the health and human services subcommittee asked you all to help us find that funding outside of that traditional in this proposed budget and if so where?

Councilmember, no, because I think part of the challenge that we had here when the decision came in on the final decision on the allocation, we had pretty Campbell culminated in terms of all of our -- pretty well culminated in terms of staff, this was all final preparation. But I think staff clearly understands that direction and clearly understands there's a need for us to identify some sources for that and we're working on some specific ideas. The other thing as Shannon indicated go through this looking at some possible recommendations on the contract and he wards, we're going to try to ease much creativity as possible, so we certainly understand that's a direct and we certainly are going to move towards that.

Martinez: To follow up councilmember Spelman on your question, that may be a policy decision that this body makes that would -- could be considered a costly. What we've told staff at health and human services is we don't want center for child protection to have to go through a bidding process. It's required that we use that agency by law so that, to me, is an answer or response to your question that we do have other policies. Maybe not as large, but there are some out there that are cost drivers on an annual basis.

Morrison: Mayor, could I add to this conversation?

Mayor Leffingwell: Well, I think councilmember Tovo was next unless you want to pass.

Morrison: Thank you, I appreciate that because I just wanted to chime in on your question, councilmember Riley. And for staff, understanding of these moneys we're talking about is at the end of last year's budget, we saw about a million dollars savings in health and human services. We took -- before we passed this year's budget, we took 380,000 of got put into contracts that were already to go and then of it was set aside. And then just recently, we were able to move 550 to contracts for youth services, that's what we're in the process of doing. So the whole idea was to bring that approximately \$1 million in savings from health and human services from last year's budget into usage this year, and 200 of it went to -- our recommendation on the health and human services, the public health subcommittee was that we just set that 200 aside and see what need might pop up. And nothing did and so I think what we're looking at now is staff is saying we've gotten through that year without using the 200 and let's let that go. Would you say that's accurate?

That's a good characterization.

Morrison: I hope that helps.

And it helped us in meeting our targets

Morrison: Right. Thank you.

Mayor Leffingwell: Anything else? Councilmember Tovo. I have some specific questions I'll save for the online comments, but I have a couple of questions related to animal services. And Ed and Leslie, I should have started by thanking you in addition to the great work you've done. You also met with me individually and with my staff to catch me up on the process and I appreciated that. But you had indicated that it's -- that what we're seeing services live out come as a cost driver this year's budget, and if I understand 300,000 has been added to in addition to the 700,000. I wondered if you could summarize how that breaks down in terms of staffing. What are some of the cost components that are within that figure? And I know we'll receive the detail later, so again, just a summary would be helpful. If a good percentage of that is staff costs or --

I can break down where the dollars fall and then Abigale can explain, you know, what they are going to allow her to do. We have \$304,000 in the budget for half-time rescue foster coordinator. And that also funds spay and neuter for cats and rabies clinics, parvo prevention. It also is, that 300,000 also includes funding for the utilities at the TLAC center after we move out that. There is an additional half a million dollars is related to the moratorium on euthanasia and additional funds for costs associated with food, medical supplies, cleaning supplies. \$120,000 is related to the move-in to the new animal services center including an additional animal care worker position. Moving expenses, marketing costs and increased temporary and overtime expenses related to that move. And then there's \$55,000 which is increased costs for reimbursed Austin Police Department costs, you know, the people who investigate the animal cruelty violations. So that's those are the dollars and what those are for.

Abigale Smith, Chief Animal Care Services Officer. I would add a little detail. The first items Ed listed for you are part of the no-kill implementation plan so those are already plan items that were scheduled to begin in f.y. 12. The other moneys that we talked about in terms of increased cost for animal care and veterinary services, the dollars are really attached to the moratorium which is at the end of the implementation plan and was previously unfunded, had no dollars attached to it. So a year into it we know what it cost and we're asking for it to be funded. On schedule for two or three years, so I don't think that's anything out of the ordinary.

Tovo: Thank you. Give me a good sense of how it breaks down. May I have one question of Director Hensley. I apologize, I know you've just now sat back in your seat. Again I have a lot of specific questions, but I think I'll just ask a couple general do you collect demographic material, for instance, people who visit the botanical gardens and might find this charge a cost burden?

We do collect our -- the best of our abilities the demographic information some years. I will say this, as we move forward to do online registration and more -- better areas to keep demographic -- not so much demographic but numbers, we'll be able to do that better because honestly it's head counts and quite frankly that's not always a very good way to do it. We do have information about the approximate number of users to the botanical gardens. We do not know the demographic makeup of those individuals. But we do know the numbers. And that's about the extent of that.

Tovo: And how about for playground programs? Do you collect economic information, income information for those users?

We don't because the program is free. What we do is we do know numbers of attendance. And, of course, we know where the sites are and we know how many come and go. It's open and it's come and go and a drop-in program but we know numbers and we know high areas the extent of that.

Tovo: And then my last question relates to the downtown -- the Austin Recreation Center, I know that is pretty used for yoga classes and other kinds of exercise classes. Have you had discussions with ACC if

they take on the lease of continuing some of those classes and having it be somewhat of a partnership?

Yes, we have, actually. We have had several discussions with austin community college who is going to stay in the building and continue their efforts. They are not interested at this time in increasing their use, however, they want to keep their options open. But the good news is we're partners in the community like jazzercise and recently the roller girls to talk about partnerships where those facilities would be actually operated and maintained by maybe three entities. We would still have our leagues in there, we would still have activities, they would have their activities. It would be a home for the roller girls, and then we would have a win, win, win for everybody. That's the kind of thing we're looking at.

Tovo: Great. Thank you.

Mayor Leffingwell: Councilmember cole.

Cole: I am not going to thank you all for doing a good job or any of that. for having reached this point so I will thank you for looking happy and helping us be inspired. You put austin energy right up front and I'm sure you did that for a reason because you recognize that little our largest asset with our largest challenge and that no what I don't yet understand is you put projected revenue in it for calendar year 2012 and we'll actually pass the budget in early september. So I'm trying to un how that -- those two --

how that all works?

Cole: Yes.

We had included a revenue forecast back in april just based on the very, very preliminary numbers. And I think what austin energy intends to do is as part of, you know, they will continue working on this rate review, reviewing it with council over time and then ultimately bringing forward a proposal to y'all and we'll probably adjust the budget at that point in time. I'm not sure that we'll actually come in and amend the revenue budget. They may want to do that or they may just amend their estimate so that y'all will get a better idea what kind of revenue that would actually bring in. When t got more numbers.

Cole: When we look at this page and hear the presentation from austin energy and anybody asks questions about it, we're just talking about projections and we're anticipating a budget amendment. Would that be correct?

Yes, more than likely so.

Cole: Okay. I have another question about the increased transfer to the economic incentive res fund. What is that?

The economic incentive reserve fund is a fund we set up to really manage the costs associated with chapter 380 incentive agreements that council has approved, the largest being the agreement with samsung. And so essentially the agreement works based upon the taxable value of samsung and other businesses. The domain is another one. You know, based upon the taxable value of those properties and the revenue it generates for the city, either a portion or case of samsung, all of those tax revenues are rebated to samsung.

Cole: Well, I guess I'm trying to understand whether 1 million is something that we are already obligated to do we are contract that we have with samsung or is this re adding to the budget for future economic --

it's for an existing obligation.

Cole: Thank you, sue, you got up, but ed landed it. The last one is for sara. Is she still here? I hate to do this to you, sara. I swear. I'm last. This is it.

I'm getting my exercise.

Cole: I need to understand what is going on with our supervised playground sites that have been reduced from 27 to 10.

Okay. This is a program that we offer just during the summer hours. It's totally free, but what we've been able to do is offer this program -- when we started years ago, we were putting it all over the city. Whether it was needed or not. What we saw through a period of time where we had to make reductions was that we actually looked at the number of attendees and what were the hours that people were coming. So we started looking at how we could better manage the program when reductions were necessary and we looked at programs that were not being attended as heavily as others. In this case we are offering playground programs in areas where there are recreation centers. So when we looked at ways to reduce our budget but keep offering programs, most program, noty. The effort is look at where the places that have the highest inside, where are the places we need to improve the quality and how do we get the kind of program that we've heard the parents and youngsters tell us which is we don't want to just drop into a site, we want an experience. Now the premier sites are in the highest area of need and we've beefed up the program. Which means they will do events, they will do other things. They will be like an outdoor day camp program at no cost.

Cole: Let me stop you there. When we talk about the premier sites and the ten remaining, does that mean there are 14?

Yes. There -- your premier sites will be in areas of highest need where we can have a higher concentrated number of staff to youth participation and a more diverse and programmatic offering of services. Different areas of programming, different arts and bringing speakers in and going to other places. The other sites additional; however, we are beefing those up as well with additional staff and the quality of the program. To me so in essence the response on this one is we are reducing sites, but it's about quality, not quantity and about areas of need versus let's do it for everybody even when we don't have anyone show up.

Cole: I totally understand that rationale, but let me put this on your mind. We've spent time today talking about electricity and water and no kill, so one just popped out at me because it was \$184,000. And I have been stopped only in the grocery store within the last three months, not about elnot about water rates, not about what we were going to do with property tax, but why in the heck would the city move or close my supervised playground. I just want to put that on your mind and leave it to talk about later because I know it's important to a few people in this town.

Understandably and we are doing a very good job at looking at the numbers and looking where we have the highest number of need and the highest youth attending. That's why we want to be very fluid with this as well and make sure we're able to move in and out of areas that we know have the highest areas of need. But when we only have one kid attend a program or an area example where kids don't come 00 and it's because the parent drops them off to have coffee and visit with a friend, that was not our intent of a program. It was more where the highest area of needs are. We're very willing to look at this and make sure we are meeting the kneads.

Cole: That's the reason i was being stopped. I was the mother of three that dropped the three off for coffee and shopping. We still have to think about those people. Thank you.

Mayor Leffingwell: So, okay, well, consider yourself fortunate.

Cole: But you don't have to pay for it.

Mayor Leffingwell: I guess that's all the questions, but I want to respond very briefly to the suggestion we revisit the 0 sworn officers per thousand. For me, as I've said several times in the last -- more difficult budget cycles than this, that public safety is -- as a city, it's our number within priority. So to take what is already a 0 per thousand when a lot of -- most other large cities have much bigger ratios than that, I consider that to be a minimum of 2.0 for the city of Austin. We are a very safe city and the reason that we are a safe city is because we have devoted the resources to make it safe. If we no longer devote the resources, we run the risk of it not being a safe city. And so I will very reluctantly, I would say the bar would be very high for me to want to even consider revisiting that ratio. Just wanted to respond to that. I know there's going to be more discussion on it, but I wanted to make my position right now very clear. So I guess that's all the questions we have again. Thank you very much. Without objection, we stand